

Understanding Medicare & Your CalPERS Health Benefits



**California Public Employees'
Retirement System**

Quick Tips

There are several important questions you should ask yourself about Medicare and your CalPERS-sponsored health plan. The information contained in this booklet will provide you the answers.

Do you know...

...if you are eligible for Medicare? ☐ Yes ☐ No (*see page 2*)

...what to do if you work after age 65?
☐ Yes ☐ No (*see page 2*)

...what to do when you receive your Medicare card?
☐ Yes ☐ No (*see page 3*)

...what the differences are between a PPO Supplement to Medicare, HMO Supplement to Medicare, or HMO Managed Medicare plan?
☐ Yes ☐ No (*see pages 5 and 6*)

...what HMO plan is a good choice for you if you travel or are out of the HMO service area for long periods of time?
☐ Yes ☐ No (*see page 6*)

...what “lock-in” means? ☐ Yes ☐ No (*see page 6*)

...how to disenroll from an HMO Managed Medicare plan?
☐ Yes ☐ No (*see pages 8 and 9*)

...where to get assistance if you have a problem?
☐ Yes ☐ No (*see page 10*)

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Understanding your Medicare benefits — and how they work in coordination with your CalPERS health plan — can often be confusing. When are you eligible for Medicare? What kind of supplemental CalPERS health plan should you choose? How do you coordinate the benefits? These questions, and more, are often asked of us and we want to be sure you have all the information you need to make good health plan choices.

What Is Medicare?

Medicare is a federal health insurance program for retired people 65 or older and certain others who are disabled. The program provides a set level of medical and hospitalization

benefits, with some out-of-pocket costs. **Medicare Part A** provides hospitalization benefits (hospital, skilled-nursing facility, home health, and hospice). **Medicare Part B** provides medical benefits (doctor services, outpatient hospital services, durable medical equipment, and a number of other medical services and supplies not covered by Part A).

If you do not qualify for Medicare based on your own employment history, you may qualify through a former, deceased, or current spouse. To determine whether or not you are eligible for Medicare, contact the Social Security Administration at **(800)772-1213** or visit your local Social Security office.



Know The **Deadlines & Requirements!**

*There are certain deadlines and requirements related to your Medicare enrollment that must be followed. Not meeting them can **cost** you money. Be sure to review all the information in this booklet carefully. If you have questions, give us a call!*

Special Notice — State Retirees Only **Retired State Supplement To Medicare Or Managed Medicare Members Only:**

If you or a family member are enrolled in a Supplement to Medicare or Managed Medicare plan and the amount of the State's contribution exceeds the amount of the plan's monthly premium, you will be reimbursed the amount of the excess contribution up to the cost of the Medicare Part B coverage. After the Medicare plan coverage has gone into effect, CalPERS automatically issues the "Part B Medicare" reimbursement through your monthly check. You will **not** be reimbursed for any penalties which have been assessed by the Social Security Administration for late enrollment into Medicare Part B.



Sore Hands?

If you have difficulty holding your toothbrush, try:

- using a wide elastic band to attach the brush to your hand,
- enlarging the handle with a sponge, rubber ball, or bicycle handle grip, or
- lengthening the handle with a ruler, popsicle stick, or tongue depressor.

Do I Need To Enroll In Medicare?

Under State law, retirees and their family members who are **eligible** for Medicare Parts A **and** B and are enrolled in the CalPERS program may **not** be enrolled in a Basic health plan. Instead, both you and your family members enrolled in Parts A and B **must** enroll in a CalPERS Medicare-coordinated plan. Retirees and family members of the California State University System are exempt from this requirement but can choose to enroll in Medicare plans.

How Do I Enroll?

Medicare enrollment is handled in one of two ways: either you're automatically enrolled or you have to apply.

What The Social Security Administration Will Do *(Automatic Enrollment)*

If you are already retired and receiving Social Security benefits at the time you turn 65, you do not have to apply for Medicare. You will be automatically enrolled in Parts A and B. Social Security will mail your Medicare card to you about three months before your 65th birthday. If you're receiving Social Security disability benefits, you will automatically get a Medicare card in the mail after you have received benefits for 24 months.

What You Need To Do *(Applying For Medicare)*

If you're retired and are not receiving Social Security benefits during the three months before you turn 65, you will need to apply for Medicare. To do so, contact any Social Security Administration office. **Be sure to apply three months before you turn 65**, which is the beginning of your "seven-month initial enrollment period". By applying early, you'll avoid a possible delay in the start of your Part B coverage.

If you don't enroll during this seven-month period, you will have to wait to enroll until the next Medicare general enrollment period, which is held January 1st to March 31st of each year. Part B coverage starts the following July 1st.

Still Working?

Medicare has special rules that apply to those who have group health plan coverage through their current employment or the current employment of a spouse. If you continue working after you are age 65 (or become eligible for Medicare) neither you nor your spouse need to enroll in Medicare Part B until retirement. **But you must enroll then.**

Enroll

Planning to Retire?

Contact Social Security as soon as you retire to be sure to get the information you need about enrolling in Medicare Part B. Failure to do so can result in penalties.

You can enroll in Medicare during a special eight-month enrollment period beginning the month that active employment ends. If you don't enroll by the end of the eight-month period, you'll have to wait until the next Medicare general enrollment period (beginning January 1 each year).

Medicare & Your CalPERS Health Plan

To help avoid or reduce your out-of-pocket costs for benefits not covered under Medicare or for Medicare-required copayments, CalPERS provides coverage that supplements Medicare benefits. Although Medicare-eligible retirees are required to enroll in a Supplement to Medicare or Managed Medicare plan, CalPERS does not automatically enroll you in either when you become eligible. You must request this enrollment. To do so, forward a copy of your Medicare card or "letter of entitlement" along with a letter requesting this change to the CalPERS Health Benefit Services Division. The address is located at

the end of this booklet. The effective date is the first of the month following receipt of this information.

Enrollment by you or your family members in a Supplement to Medicare or Managed Medicare plan will not affect the Basic coverage of other family members.

Important: Do not cancel your Medicare enrollment after you have enrolled in a CalPERS Supplement to Medicare or Managed Medicare plan. Canceling will jeopardize your eligibility to remain in the CalPERS Health Program.



Remember . . . Retired employees and family members eligible for enrollment in Medicare Part A and Part B may not remain in a CalPERS Basic health plan.



*E*ase It Out With Warmth

If you have arthritis try taking a warm shower in the morning, followed by some gentle stretching to lessen morning stiffness.

Exceptions To The Rule!

There are special circumstances for CSU retirees, active employees of public agencies with fewer than 19 employees, and some State retirees. Be sure to read the following information carefully to see if these exceptions apply to you. You can call CalPERS if you have questions.

- Retirees and family members of the **California State University System** are not required to enroll in a CalPERS Supplement to Medicare or Managed Medicare plan, but can choose to enroll. Review the benefits for these plans in the **CalPERS Health Plan Decision Guide** so you can decide if you would benefit by enrolling in these plans.
- **Active employees (if Medicare-eligible) of public agencies with 19 or fewer employees**, and their family members, may enroll in a Supplement to Medicare or Managed Medicare plan. Contact your employer for more information.
- **Retired Basic plan enrollees subject to a Medicare Part B penalty prior to January 1, 1998**, may remain enrolled in a Basic plan.
- **Retirees who are not eligible for premium-free Part A and penalty-free Part B** may remain in a Basic plan.

Will It Be A Supplement To Medicare Or A Managed Medicare Plan?

One important decision you have to make as a Medicare beneficiary is how you will receive your Medicare hospital and medical benefits. You can receive your Medicare benefits through a fee-for-service type health plan — we call these our Supplement to Medicare plans — **OR** — through a Managed Medicare plan. In either plan, you will receive all of Medicare's benefits to which you are entitled.

The differences between the two types of plans include how benefits are delivered, how and when payment is made, and how much your out-of-pocket costs may be. The plan you are currently enrolled in when you become eligible for Medicare determines whether you will be enrolled in a Supplement to Medicare or Managed Medicare plan.

The Right One For You

PERSCare, PERS Choice, and the Association-sponsored health plans are Preferred Provider Organizations (PPO) Supplement to Medicare-type plans. The Health Maintenance Organizations (HMO) in our program are either Supplement to Medicare or Managed Medicare plans. The **CalPERS Health Plan Decision Guide** you received during Open Enrollment shows the type of Medicare plan offered by each CalPERS health plan.

How Do The CalPERS Supplement To Medicare & Managed Medicare Plans Work?

CalPERS offers three types of Medicare supplemental plans:

- PPO Supplement to Medicare
- HMO Supplement to Medicare, and
- HMO Managed Medicare.

These plans are designed to cover some or all of the Medicare copayments and deductibles — the portion of the bill left after Medicare has paid their allowed amount. CalPERS plans offer additional benefits beyond Medicare, such as prescription medications, hearing aids, and eye glasses. Consult your health plan's Evidence Of Coverage booklet or call the plan's Customer Service Office to determine if a benefit not covered by Medicare will be covered by the plan. The Benefit Summary Charts in the **CalPERS Health Plan Decision Guide** also provide information on benefits.

PPO Supplement To Medicare

Generally under a PPO Supplement to Medicare plan, a fee is paid each time a service is used. Medicare, as your primary insurance, pays a share of your hospital, doctor, and other expenses that are covered in the Medicare benefits structure. Medicare must process the claim before submitting it to your health plan.

Always ask your providers whether they accept Medicare “assignment”. If they do, they will accept the amount Medicare approves for a particular service or supply, and your Supplement to Medicare plan pays the remaining balance. This means a savings to you! However, if the provider does not accept Medicare “assignment”, you may be billed for the balance after Medicare and your Supplement to Medicare plan have paid.



Want To Change Plans?

You can change plans during any CalPERS Open Enrollment Period, (September 1st to October 15th each year.) Changes are effective the following January 1.



CalPERS Offers Long-Term Care Protection

*Sixty percent of Americans over age 65 will need some form of long-term care. Long-term care is not covered by Medicare or a supplement to Medicare plan. Call (800)338-2244 to find out more about the **CalPERS Long-Term Care Program's** next application period.*

HMO Supplement To Medicare

In an HMO Supplement to Medicare plan, you must use the plan's contracted providers in order to obtain care. Your HMO Supplement to Medicare plan will pay for services obtained only from contracting plan providers, except for emergency or urgent care services. There are no additional costs to you when services are preauthorized and provided by HMO-contract providers. However, you may use your Medicare card to obtain services outside of your health plan. For these services, you are responsible for any copayments or deductibles that Medicare does not cover.

Because of this flexibility, an HMO Supplement to Medicare plan may be a good choice for you if you travel frequently, live out of your plan's service area for part of the year, or want to use a doctor who is not contracted with your health plan.

HMO Managed Medicare

HMO Managed Medicare plans focus on the relationship between you and your primary care physician. Your primary care physician authorizes, arranges, and coordinates all your medical services. HMO Managed Medicare plans provide all of Medicare's

benefits at no cost to you, with little or no paperwork. CalPERS Managed Medicare plans also feature no copayments for doctor visits and a copayment of only \$1 for prescription medications.

These plans have a "lock-in" requirement. This means you are required to receive all care through the plan's network of hospitals, skilled-nursing facilities, doctors, and other health care professionals. In most cases, if you receive services that are not authorized by the plan, neither the plan nor Medicare will pay for those services. You will have to pay the entire bill.

The only exceptions for outside care without the plan's referral are for emergency services, which you may receive anywhere in the United States, and urgent care, which you may receive while temporarily away from the plan's service area. If you receive emergency or urgent care, the doctor or hospital that provides the service will either bill you or your plan. If the bill is given to you, present it to your plan and keep a copy for your records. If possible, let the plan know whenever you are in an emergency situation.

Plan

copayments

More On Managed Medicare Plans

To enroll in a Managed Medicare plan, you need to complete the enrollment application form provided by your health plan. By completing the application, you agree to receive all covered care through the plan or through referrals by the plan.

What Factors Should I Consider Before Choosing A Managed Medicare Plan?

- Get information about the doctors available to serve you, and the hospitals and other health care facilities affiliated with the plan. Determine whether the plan's providers are in a location convenient to you.
- Carefully consider the advantages and disadvantages of plan membership if you travel a lot or live in another state part of the year.
- Keep in mind that if you enroll in a plan and later move out of their service area, you will have to "disenroll" from the plan and enroll in either a Supplement to Medicare plan or another Managed Medicare plan that serves your new location.

Additional Managed Medicare Plan Enrollment Requirements

- You must live within the area in which the plan has a Medicare contract to provide services.
- You must complete a Medicare enrollment form (supplied by the health plan) in order to receive Managed Medicare benefits.
- There are special rules for those receiving hospice care or those medically-determined to have end-stage renal disease (ERSD) at the time of enrollment. Contact the plan before enrolling for more information.

Do I Select My Own Doctor?

Most Managed Medicare plans require you to select a primary care physician contracting with the plan. A primary care physician will manage your medical and hospital care. You can change your primary care physician as long as you select another one of the plan's contracted doctors. Contact your health plan's Customer Service Office to request this change.



Know Your Medications

You can obtain written, detailed information about any risks, side effects, precautions, or drug interactions for your medications by asking your pharmacist.



Don't Delay!

*If you are retired and wait more than 12 months after you reach 65 to sign up for Medicare, **you may be penalized.** Part B premiums go up 10 percent for each 12-month period you could have been enrolled but were not. This 10 percent per-year penalty remains in effect the whole time you are covered by Medicare.*

What About Specialists & Hospital Care?

Managed Medicare plans have doctors available in all specialties of medicine. However, to see a specialist and have the plan cover the costs, you must be referred by your primary care physician. Some primary care physicians refer exclusively to specialists within their medical group or independent practice association. Your primary care physician can help choose the right specialist for you. By coordinating primary, specialty, inpatient, and outpatient treatment, plans can deliver appropriate care while minimizing duplicated and unneeded services.

Just as a plan arranges in advance with specific doctors to provide care, it generally has contracts with specific hospitals, skilled-nursing facilities, home health care agencies, and other health care providers.

Can I Appeal A Managed Medicare Plan's Payment Decision?

Managed care plans do have a system you can use to appeal payment decisions. You can file an appeal if your plan:

- refuses to pay for Medicare-covered services,
- refuses to provide services you request, **OR**
- decides not to pay for the care you received from doctors or hospitals who are not part of the plan because the plan determined that the care was not for emergency or out-of-area urgent care.

If you believe the care should have been paid for or provided, and it was not, you should file a request for reconsideration with the plan. If you need more information or help, call any Social Security Administration office, your health plan, or CalPERS.

How Do I Leave A Managed Medicare Plan?

The annual CalPERS Open Enrollment Period (September 1st through October 15th) allows you an opportunity to change your health plan. All Open Enrollment changes are effective the following January 1st.

If you move out of your Managed Medicare plan's service area you **must** change health plans. The effective date for the plan change

Consider

will be the first of the month following receipt of your request to change plans. Until you make a change the plan may limit coverage to emergency or urgent care. To assure that you have continued access to the full range of health benefits, you need to select another health plan available in your new service area.

If you decide to switch to another CalPERS health plan, either during an Open Enrollment or when you move, you may have to “disenroll” your Medicare benefits. If you change to a Supplement to Medicare plan, you **must** “disenroll” your Medicare assignment from your Managed Medicare plan. To disenroll, state **in writing** that you want to withdraw from the plan and forward your request to either the plan’s administrative office or your local Social Security Administration office.

It can take up to 30 days for your disenrollment to take effect. You must continue to use the Managed Medicare plan for care until you are disenrolled. Your Managed Medicare plan will let you know the effective date of disenrollment.

If you change from one Managed Medicare plan to another, you may do so by completing and submitting the “enrollment application” form provided by the new health plan. Contact the new plan’s Customer Service Office and they will send you a form. You will be automatically disenrolled from the first plan and enrolled in the new plan. Be sure to

ask your new Managed Medicare plan about the effective date of enrollment in their plan.

Important: Completing a Managed Medicare plan’s enrollment application form does not change your health plan enrollment in the CalPERS Health Program. You also must send a letter requesting to change health plans to CalPERS Health Benefit Services Division at the address at the end of this booklet.



*O*n The Go

Remember, when you joined a Managed Medicare plan, you “locked-in” your Medicare benefits with that plan. To leave a Managed Medicare plan, you must “disenroll” your benefits.

Services



***Still Confused
About Part B?**
All CalPERS
Supplement to
Medicare and
Managed Medicare
plans require you
to be enrolled in
Medicare Part A
and Part B and
continue to pay the
Part B monthly
premium.*

Where Can I Get More Information?

Questions regarding Medicare eligibility should be directed to the Social Security Administration. Local offices are listed in the white pages of your telephone book under United States Government, Department of Health & Human Services, Social Security Administration or by calling (800)772-1213.

You can reach CalPERS at:

CalPERS Health Benefit Services Division

P.O. Box 942714
Sacramento, CA 94229-2714

(800)237-3345, **OR**
(916)326-3240 – Retired State
(local only)
(916)326-3604 – Retired Public
Agency (local only)
(916)326-3240 TDD

Want To Know More?

CalPERS also provides health benefits and other valuable information on the Internet. The CalPERS website address is:
www.calpers.ca.gov

Other Publications Of Interest

There are other organizations that have information to help you understand Medicare and your health care choices. Some helpful materials and contacts are provided here for you.

“Guide To Health Insurance For People With Medicare”

“Your Medicare Handbook”

“Managed Care Plans”

Health Care Financing
Administration
7500 Security Blvd.
Baltimore, MD 21244-1850
(800)638-6833

“Managed Care: An AARP Guide”

American Association of
Retired Persons
611 E Street, N.W.
Washington, D.C. 20049
(202)434-2277

Call



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